

Message Text

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ACTION AGR-20

INFO OCT-01 ARA-11 ADP-00 EB-11 COME-00 PA-03 PRS-01

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E. O. 11652: N/ A

TAGS: EAGR, MX

SUBJECT: MEAT SITUATION

REF: FASTO 70

DEPT PASS USDA/ FAS FOR HARRMAN, L& M PRODUCTS DIVISION.

1. STATEMENT CARRIED IN WALL STREET JOURNAL WAS ALSO CARRIED BY MEXICAN NEWSPAPERS OVER WEEKEND. ACCORDING LOCAL PRESS TORRES MANZO MET WITH PRESIDENT ECHEVERRIA AND DECISION WAS MADE BY GOM TO REDUCE BEEF SHIPMENTS DURING CALENDAR YEAR '73 BY 50 PERCENT AND LIVE CATTLE EXPORTS DURING SEPT 1, 1973- AUGUST 30, 1974 BY 200,000 HEAD. TORRES MANZO ALSO STATED THAT PRICE CONTROLS WOULD NOT BE ESTABLISHED ON MEAT SINCE, IN ADDITION TO POSING GREAT ADMINISTRATIVE PROBLEMS, THIS ACTION WOULD DISCOURAGE EXPANSION OF MEXICAN BEEF INDUSTRY. HE LABELED THE MEAT SHORTAGES WORLD PHENOMENON WHICH MEXICO COULD NOT HAVE AVOIDED. HE ALSO BLAMED INCREASED SALES IN BORDER AREA, INCREASED DOMESTIC DEMAND DUE GREATER POPULATION AND INCOME, AND HIGHER FEED COSTS DUE IRREGULAR WEATHER AND INTERNATIONAL TRENDS.

2. WE HAVE BEEN IN CONTACT WITH GOM OFFICIALS TO CONFIRM PRESS STATEMENTS AND HAVE RECEIVED DIFFERENT VERSIONS THAN PRESS REPORTS.
ACCORDING TO ATRISTAIN AND GONZALEZ VELASCO OF SECRETARIAT OF
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AGRICULTURE AND LIVESTOCK, NO DECISION HAS BEEN MADE TO REDUCE CY 1973 MEAT EXPORT QUOTA BY 50 PERCENT. THEY ADVISE SITUATION REMAINS THE SAME AS PREVIOUSLY REPORTED, I. E., EXPORT PERMITS TO MEAT PACKING PLANTS ARE STILL BEING ISSUED FOR ONLY TWO WEEK PERIODS, AT ABOUT HALF THE LEVEL ISSUED LAST YEAR. THESE RESTRICTIONS HAVE BEEN IN EFFECT SINCE MID- MARCH. SAG'S GOAL IS STILL TO EXPORT 80 MILLION POUNDS DURING 1973. THIS INFORMATION HAS ALSO BEEN CONFIRMED BY SAUCEDO, EXECUTIVE SECRETARY OF MEAT PACKING PLANTS WHO ATTENDED MEETING JUNE 19 AT THE SECRETARIAT OF AGRICULTURE OF INDUSTRY AND GOM OFFICIALS WHERE MEAT SITUATION DISCUSSED. ACCORDING ABOVE OFFICIALS RESTRICTIONS WILL REMAIN IN EFFECT UNTIL AT LEAST EARLY SEPTEMBER WHEN RAINY SEASON ENDS. AT THAT TIME IT IS HOPED ADDITIONAL SLAUGHTER CATTLE WILL BE AVAILABLE WHICH WILL ENABLE REMOVAL OF THESE RESTRICTIONS AND EXPORTS SHOULD PICK UP FOR THE REMAINDER OF THE YEAR. HOWEVER, IF RESTRICTIONS REMAIN IN EFFECT THROUGH SEPTEMBER, IT IS DOUBTFUL THAT BEEF EXPORTS WILL REACH 80 MILLION POUNDS. AT PRESENT A MORE REASONABLE FORECAST WOULD BE 70 MILLION POUNDS.

3. CONCERNING FEEDER CATTLE EXPORTS, THERE IS STILL CONSIDERABLE CONFUSION I. E., LEVEL QUOTAS TO BE ESTABLISHED FOR 1973-74. SECRETARY OF AGRICULTURE AGUIRRE AND SUBSECRETARY RETA HAVE BOTH PUBLICLY STATED THAT THERE WILL BE A REDUCTION OF 200,000 HEAD EXPORTED DURING 1973-74 AS COMPARED WITH CURRENT YEAR. HOWEVER, OFFICIALS AT A LOWER LEVEL IN THE SECRETARIAT OF AGRICULTURE HAVE NOW ADVISED THAT THE INITIAL QUOTA WILL BE ABOUT 650 THOUSAND HEAD COMPARED TO INITIAL QUOTA OF 721,000 FOR 1972-73, AND FINAL QUOTA OF 792 THOUSAND. THEY HAVE ALSO STATED THAT A DECISION WILL BE MADE NEXT WINTER WHETHER TO INCREASE THE INITIAL QUOTA FOR 1973-74 AS HAS BEEN THE CASE IN PREVIOUS YEARS. THIS INFORMATION ALSO TIES IN WITH STATEMENTS MADE BY OFFICIALS OF THE NATIONAL CATTLEMEN'S ASSOCIATION. LATTER ARE STRONGLY OPPOSED TO ANY REDUCTION IN LIVE CATTLE EXPORTS AND ARE LOBBYING STRONGLY TO HEAD OFF LOWERING OF THESE QUOTAS.

4. WE HAVE NOT BEEN ABLE TO TALK TO SUBSECRETARY RETA PETTERSSON WHO IS THE PRINCIPAL INDIVIDUAL INVOLVED IN THESE POLICY DECISIONS. WE ARE TENTATIVELY SCHEDULED TO SEE HIM JUNE 20 AND HOPEFULLY WILL RECEIVE CLARIFICATION OF THE SITUATION. WE WILL REPORT RESULTS OF MEETING BY CABLE.

MCBRIDE

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